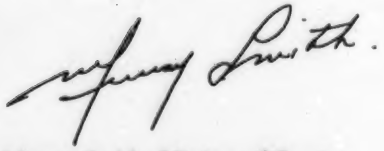
Gaming

ACCOUNTABILITY STATEMENT

This Business Plan for the three years commencing April 1, 2000 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at February 1, 2000 with material economic or fiscal implications of which I am aware have been considered in preparing the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.



Murray Smith, *Minister of Gaming*
February 3, 2000

102-03516/

VISION

A province that supports the responsible use and enjoyment of gaming and liquor products, uses revenues derived from these activities for the benefit of all Albertans, and encourages service and competition in its liquor and gaming industries.

MISSION

To ensure integrity, transparency, disclosure, public consultation and accountability in Alberta's gaming and liquor industries.

CORE BUSINESSES

The Ministry of Gaming carries out its responsibilities through four core businesses:

1. Administer the Alberta Lottery Fund with full public disclosure, and continue to support communities and charitable organizations.
2. License, regulate and monitor liquor and gaming activities, as well as certain aspects of tobacco sales.
3. Implement and account for specific lottery-funded programs.
4. Develop and communicate provincial gaming and liquor policy.

CORE BUSINESSES, GOALS, KEY STRATEGIES AND MEASURES

1. ADMINISTER THE ALBERTA LOTTERY FUND AND COORDINATE PLANS WITH ALL MINISTRIES

The 1998 Lotteries and Gaming Summit recommended, "that gaming and lottery profits not be directed to the province's General Revenue Fund." All provincial government gaming revenue is directed to the Alberta Lottery Fund and identified for use in specific charitable, non-profit, public and community-based initiatives. Alberta Lottery Fund expenditures are approved by the Legislature and the programs and projects are administered by the relevant ministries.

GOAL:

To ensure lottery funds support charitable, non-profit, public and community-based initiatives through effective administration of the Alberta Lottery Fund, with full public disclosure of all activities.

KEY STRATEGIES

- The Alberta Gaming and Liquor Commission (AGLC) will administer the Alberta Lottery Fund, including the transfer of lottery fund disbursements to other government ministries.
- Gaming will review policies on the disposition of Alberta Lottery Fund proceeds, to ensure funds are being allocated according to policy and intended use.
- Facilitate, with the Alberta Alcohol and Drug Abuse Commission, the promotion of safe and responsible alcohol consumption and address fetal alcohol syndrome, drunk driving and alcoholism through liquor licencees, concerned citizens' groups, government and other organizations.

- Facilitate, with the Alberta Alcohol and Drug Abuse Commission, the promotion of prevention and treatment programs for problem gamblers.
- Ensure Albertans benefit from timely and full public disclosure of lottery-related expenditures. *(See our website at gaming.gov.ab.ca)*

MEASURE	TARGET	RESULT
Alberta Lottery Fund disbursements* are committed to supporting charitable, non-profit, public and community-based initiatives.	100% of Lottery Fund disbursements* will support charitable, non-profit, public and community-based initiatives and projects.	1995-96: 22.0% 1996-97: 17.0% 1997-98: 35.6% 1998-99: 41.6% 1999-00: 100 % (est.)

* Does not include funds raised by charitable organizations through gaming events.

2. LICENSE, REGULATE AND MONITOR LIQUOR AND GAMING ACTIVITIES, AS WELL AS CERTAIN ASPECTS OF TOBACCO SALES

The Alberta Gaming and Liquor Commission (AGLC) and its Board are responsible to the Minister of Gaming. The AGLC licenses, regulates and monitors all liquor and gaming in the province. The AGLC also conducts and manages provincial lotteries and, as an agent of Alberta Treasury, enforces certain aspects of the *Tobacco Tax Act* including the illegal sale and smuggling of tobacco products. The AGLC carries out this mandate by defining operating policies and procedures for gaming and liquor activities, and by working with customers and stakeholders to ensure requirements are communicated on a timely basis.

GOAL:

The AGLC and its Board carry out their regulatory, program delivery and governance activities in an efficient and transparent manner.

KEY STRATEGIES

- Maintain the charitable gaming model for operating casinos, bingos, raffles and pull tickets as recommended by the 1998 Lotteries and Gaming Summit.
- Implement any approved recommendations made by the Bingo Review Committee.
- Use public consultation to obtain input on significant issues (e.g., new gaming options; new casino facility licenses).
- Ensure the public has ready access to information about AGLC licensing, monitoring and enforcement-related activities and decisions. *(See our website at gaming.gov.ab.ca)*
- Manage provincial lottery activities, collect revenues from these activities and transfer those revenues to the Alberta Lottery Fund.
- Investigate alleged violations of the *Gaming and Liquor Act* and *Regulation* and AGLC policies, conduct inspections and audits of gaming and liquor licencees, and work with municipal police services as necessary.
- Collect all liquor revenues in accordance with established liquor mark-up policy.
- Review the eligibility criteria for issuing gaming licences to charitable and non-profit organizations.

- Review the exclusivity and inducement regulations in conjunction with the liquor industry regarding any possible changes to the regulations or policies.
- Ensure the proceeds received from licensed gaming activities are only used for approved charitable or religious objectives or purposes.
- Investigate all complaints from the general public and stakeholders concerning licensed gaming and liquor activities.

[illegible]	[illegible]	RESULT
Liquor and gaming activities are conducted in accordance with legislation, regulation and policy. Compliance will be monitored by inspection of liquor and gaming activities. The targeted compliance rates relate to the first inspections after initial licensing. Following these first inspections, the compliance rate is expected to be 100% in follow-up inspections. (a) Liquor licensed premises inspections (2,000/yr) (b) Gaming inspections: (i) Bingos (1000/yr) (ii) Casinos (1000/yr) (iii) Pull tickets (100/yr) (iv) Raffles (100/yr)	Targeted compliance rates for each of the activities are as follows, based on first inspections after initial licensing: (a) Liquor: 80% (b) Gaming: (i) Bingos: 90% (ii) Casinos: 90% (iii) Pull Tickets: 80% (iv) Raffles: 80% The compliance rate is targeted at 100% in follow-up inspections.	These performance measures are new and there are no historical data available.

3. IMPLEMENT AND ACCOUNT FOR LOTTERY-FUNDED PROGRAMS ADMINISTERED BY GAMING

The Ministry of Gaming delivers the Community Lottery Board Grant (CLB) Program and the Community Facility Enhancement Program (CFEP). The CLB program provides grant funds to enrich and enhance project-based initiatives in community services, recreation, culture, libraries, parks, health, education, social services and the environment. CFEP provides Albertans with access to a matching grant program that is responsive to their facility development needs.

In addition, the Ministry administers lottery-funded support to major fairs and exhibitions, and the Alberta Gaming Research Institute.

GOAL:

Invest Alberta Lottery Fund revenues in programs and projects that support Alberta communities.

KEY STRATEGIES

- The Community Lottery Board Grant Program will deliver funds to enhance and support project-based community initiatives determined through a local decision-making process.
- The Community Facility Enhancement Program will deliver matching grants to improve Alberta's public-use facilities.

- Ensure recipients of Community Lottery Board Grant Program funds and Community Facility Enhancement Program funds are financially accountable to the Ministry of Gaming.
- Review the Community Lottery Board Grant Program funding guidelines to ensure benefits to communities are being achieved.
- Ensure Albertans benefit from timely and full public disclosure of lottery-related expenditures. *(See our website at aglc.gov.ab.ca)*

(a) Program administration costs will be kept to a minimum.	(a) Administration costs will be less than two per cent (2%) of program disbursements.	1998-99: 1.8 %
(b) Conduct reviews and audits to ensure that grant funds are expended according to stipulated conditions.	(b) 100% compliance with program requirements.	1998-99: This is a new performance measure and there are no historical data.

4. DEVELOP AND COMMUNICATE PROVINCIAL GAMING AND LIQUOR POLICY

The Ministry has the lead role in the development of gaming and liquor policy in Alberta, including legislation related to gaming and liquor activities (apart from the *Criminal Code of Canada*). Creation of the Gaming ministry amalgamated existing regulatory and program service activities previously conducted by other ministries, and established an organizational capacity to specifically address gaming policies and emerging issues. The Ministry is committed to developing policy that strikes a balance between choice and responsibility in gaming and liquor activities.

GOAL:

Develop and communicate the government's gaming and liquor policies in a public and transparent manner.

KEY STRATEGIES

- Review and update licensing policies, in consultation with the public and the industry, to address possible expansion and growth of gaming activities in Alberta.
- Monitor gaming and liquor industry results, services and activities - including emerging issues and activities - and identify strategies to meet the needs of customers.
- Develop and implement benchmarks and best practice initiatives.
- Monitor gaming and liquor policies in other jurisdictions.
- Develop a Ministry web site and other information tools that provide full access to information about gaming and liquor in Alberta. *(See our website at gaming.gov.ab.ca)*
- Keep Albertans informed of gaming activity in the province, as recommended by the 1998 Lotteries and Gaming Summit.
- Ensure public consultation occurs with respect to major policy initiatives.
- Work with the Alberta Racing Corporation to determine the success of the racing renewal initiative.

- Sponsor research into the social and economic aspects of lotteries and gaming.
- Ensure gaming policy and the gaming industry are informed of, and responsive to, research into the social and economic aspects of gaming.
- Initiate a review of the Ministry's cost efficiencies and implement changes to improve services and achieve cost savings.

MEASURE	TARGET	RESULT
Albertans and stakeholders are satisfied with gaming and liquor policies and activities.	75% of Albertans and stakeholders surveyed are satisfied.	Not available.

Ministry Income Statement

(thousands of dollars)

	Comparable 1998-99 Actual	Comparable 1999-2000 Budget	Comparable 1999-2000 Forecast	2000-01 Estimates	2001-02 Target	2002-03 Target
REVENUE						
Net Income from Commercial Operations						
- Video Lottery Terminal Revenue	507,556	484,000	509,000	520,200	530,100	539,700
- Casino Gaming Terminal Revenue	111,800	136,500	154,500	157,900	160,900	163,800
- Ticket Lottery Revenue	152,321	147,000	150,000	153,300	156,200	159,000
- Lottery Fund Interest Revenue	4,914	2,000	6,000	6,100	6,200	6,300
- Liquor and Related Revenue	483,226	462,114	456,114	457,614	459,114	460,614
MINISTRY REVENUE	1,259,817	1,231,614	1,275,614	1,295,114	1,312,514	1,329,414
EXPENSE						
Program						
Ministry Support Services	795	1,336	1,336	1,355	1,366	1,415
Gaming Research	-	1,500	1,500	1,500	1,500	1,500
Lottery Funded Programs	106,505	105,547	106,508	107,894	107,901	107,953
Financial Assistance to						
Alberta Gaming and Liquor Commission	62,984	70,233	69,272	72,442	72,578	72,961
Lottery Fund Payments to Other Ministries	217,356	609,669	659,669	673,467	689,360	704,708
MINISTRY EXPENSE	387,640	788,285	838,285	856,658	872,705	888,537
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
NET OPERATING RESULT	872,177	443,329	437,329	438,456	439,809	440,877

Consolidated Net Operating Result

(thousands of dollars)

	Comparable 1998-99 Actual	Comparable 1999-2000 Budget	Comparable 1999-2000 Forecast	2000-01 Estimates	2001-02 Target	2002-03 Target
Ministry Revenue	1,259,817	1,231,614	1,275,614	1,295,114	1,312,514	1,329,414
Inter-ministry consolidation adjustments	-	-	-	-	-	-
Consolidated Revenue	1,259,817	1,231,614	1,275,614	1,295,114	1,312,514	1,329,414
Ministry Program Expense	387,640	788,285	838,285	856,658	872,705	888,537
Inter-ministry consolidation adjustments	(217,356)	(609,669)	(659,669)	(673,467)	(689,360)	(704,708)
Consolidated Program Expense	**170,284**	**178,616**	**178,616**	**183,191**	**183,345**	**183,829**
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-
CONSOLIDATED NET OPERATING RESULT	1,089,533	1,052,998	1,096,998	1,111,923	1,129,169	1,145,585

ALBERTA GAMING AND LIQUOR COMMISSION
2000-03 BUSINESS PLAN

VISION

A province that supports and promotes the responsible use and enjoyment of gaming and liquor products, uses revenues derived from these activities for the benefit of all Albertans, and encourages service and competition in its liquor and gaming industries;

MISSION

To ensure the integrity of gaming and liquor activities in Alberta and collect revenues for the province.

CORE BUSINESSES

The Alberta Gaming and Liquor Commission (AGLC) carries out its responsibilities through its five core businesses:

1. License, regulate and monitor liquor activities.
2. License, regulate and monitor charitable gaming activities.
3. Conduct and manage provincial lotteries, and regulate electronic gaming.
4. Administer the Alberta Lottery Fund.
5. Monitor and enforce those sections of the *Tobacco Tax Act* related to illegal sale and smuggling.

CORE BUSINESSES GOALS, KEY STRATEGIES AND MEASURES

1. LICENSE, REGULATE AND MONITOR LIQUOR ACTIVITIES

The AGLC and its Board are responsible to the Minister of Gaming. The AGLC licenses, regulates and monitors all liquor activities in the province according to the *Gaming and Liquor Act* and *Regulation*, and AGLC policies. The major source of liquor-based revenue for the commission is a markup on the sale of spirits, wine, coolers and beer.

GOAL:

To ensure that the distribution, sale and consumption of liquor products are conducted in accordance with legislation and Board policies.

KEY STRATEGIES

- Use public consultation processes to obtain input on significant issues.
- Ensure the public has ready access to information related to AGLC licensing, monitoring and enforcement-related activities and decisions, in an accurate and timely manner.
- Develop and administer policies concerning liquor activities, including policies on advertising and product promotion.

- Facilitate, with the Alberta Alcohol and Drug Abuse Commission, the promotion of safe and responsible alcohol consumption and address fetal alcohol syndrome, drunk driving and alcoholism through liquor licencees, concerned citizens' groups, government and other organizations.
- Review the regulations dealing with "prohibitive relationships."
- Investigate alleged violations of the *Gaming and Liquor Act* and *Regulation* and AGLC policy, and conduct inspections of licensed liquor premises.
- Investigate all complaints from the general public and stakeholders concerning licensed liquor actitivites.

MEASURE	TARGET	RESULT
(1) Liquor activities will be conducted in accordance with legislation and policies. Monitor compliance through inspection of liquor activities.	(1) The compliance rate for first liquor inspections after initial licensing will be 80%. Follow-up inspections are targeted at 100 % compliance.	These performance measures are new and there are no historical data available.
(2) Services provided to liquor retailers and licenced facilities will be effective.	(2) Response time targets for services to customers are: • new licencees: 21 days • licensing special events: 14 days • liquor registrations: 7 days	

2. LICENSE, REGULATE AND MONITOR CHARITABLE GAMING ACTIVITIES

Alberta has adopted the charitable gaming model for casinos, pull tickets, raffles and bingos. These gaming activities only occur when eligible non-profit and charitable organizations apply for and receive licences to conduct gaming activities. Alberta's charitable gaming model requires that proceeds from gaming activities provide a benefit to the community.

GOAL:

To ensure gaming activities are conducted in accordance with legislation and the charitable gaming model.

KEY STRATEGIES

- Use public consultation processes to obtain public input on significant issues (e.g., new gaming options; new casino facility licences).
- Maintain the charitable gaming model for operating casinos, bingos, raffles and pull tickets.
- Investigate alleged violations of the *Gaming and Liquor Act* and *Regulation* and AGLC policies, and conduct inspections and audits of gaming licencees and work with municipal police services as necessary.

- Increase the public visibility of gaming addiction, prevention and treatment programs.
- Work closely with the gaming and hospitality industries to develop solutions to industry issues and concerns.
- Implement the recommendations of the Lotteries and Gaming Summit '98.
- Communicate information and disclose charitable gaming activities to Albertans in an accurate and timely manner.
- Review the eligibility criteria for the issuing of gaming licences to charitable and non-profit organizations.
- Implement the approved recommendations of the Bingo Review Committee.
- Investigate all complaints from the general public and stakeholders concerning licensed gaming activities.
- Ensure proceeds received from licensed gaming activities are only used for approved charitable and religious objectives or purposes.

MEASURE	TARGET	RESULT
Gaming activities are conducted in accordance with legislation and policies. Monitor compliance through inspections of gaming activities. The targeted compliance rates relate to the first inspections after initial licensing. Following these first inspections, the compliance rate is expected to be 100 % in the follow-up inspections. (a) Bingos (1000/yr) (b) Casinos (1000/yr) (c) Pull Tickets (100/yr) (d) Raffles (100/yr)	Compliance rates for each of the gaming activities are as follows, based on first inspections: (a) Bingos: 90 % (b) Casinos: 90 % (c) Pull tickets: 80 % (d) Raffles: 80 % The compliance rate is targeted at 100 % in follow-up inspections.	These performance measures are new and there are no historic data available.

3. CONDUCT AND MANAGE PROVINCIAL LOTTERIES, AND REGULATE ELECTRONIC GAMING

The Alberta Gaming and Liquor Commission conducts all provincial lottery activities in the province and collects revenues generated by VLTs, slot machines and ticket lottery operations.

GOAL:

Ensure that VLTs, slot machines and ticket lotteries are managed and regulated in accordance with legislation and Board policies.

KEY STRATEGIES

- Manage provincial lottery activities, collect revenues from these activities and transfer those revenues to the Alberta Lottery Fund.
- Use public consultation processes to obtain input on significant issues and decisions.
- Investigate alleged violations of the *Gaming and Liquor Act* and *Regulation* and AGLC policies, and conduct inspections and audits of contracted retailers.
- Increase the public visibility of gaming addiction, prevention and treatment programs.
- Communicate information to Albertans in an accurate and timely manner. *(See our website at gaming.gov.ab.ca)*

MEASURE	TARGET	RESULT
Retailer satisfaction with AGLC services related to VLTs, ticket lottery terminals and slot machines, as reported through surveys.	Satisfaction rating of 80%.	Not available.

4. ADMINISTER THE ALBERTA LOTTERY FUND

The 1998 Lotteries and Gaming Summit recommended, "that gaming and lottery profits not be directed to the province's General Revenue Fund". All provincial gaming revenue continues to be directed to the Alberta Lottery Fund and identified for use in specific charitable, non-profit, public and community based initiatives. Lottery Fund disbursements are voted by the Legislature and the programs are administered by the appropriate ministries.

GOAL:

Effective administration of the Alberta Lottery Fund, with full public disclosure of all activities.

KEY STRATEGIES

- Administer the Alberta Lottery Fund, including the transfer of lottery fund disbursements to other government departments.
- Implement policies on the disposition of Alberta Lottery Fund proceeds, to ensure funds are being disbursed according to policy and intended use.
- Provide full public disclosure of lottery-related expenditures.

MEASURE	TARGET	RESULT
Alberta Lottery Fund disbursements* are committed to supporting charitable, non-profit, public and community-based initiatives and projects.	100% of Lottery Fund disbursements* will support charitable, non-profit, public and community-based initiatives and projects.	1995-96: 22.0 % 1996-97: 17.0 % 1997-98: 35.6 % 1998-99: 41.6 % 1999-00: 100 % (est.)

* Does not include funds raised by charitable organizations through gaming events.

5. MONITOR AND ENFORCE THOSE SECTIONS OF THE *TOBACCO TAX ACT* RELATED TO ILLEGAL SALE AND SMUGGLING

The Alberta Gaming and Liquor Commission has a Memorandum of Understanding with Alberta Treasury to enforce certain aspects of the *Tobacco Tax Act*, particularly relating to the illegal sale and smuggling of tobacco products. The commission acts as an agent of Alberta Treasury.

GOAL:

To investigate for Alberta Treasury the illegal sale and smuggling of tobacco products into the province.

KEY STRATEGIES

- Initiate investigations and surveillance activities to guard against the loss of tobacco tax revenue due to tax evasion and smuggling.
- Prosecute all tobacco tax cases where evidence accumulated indicates guilt beyond reasonable doubt and actively seek publicity for successful prosecutions/convictions.
- Conduct compliance visits with tobacco retailers.
- Recommend practices and procedures to Alberta Treasury to stop tobacco tax evasion, including the cancellation of exempt sale retailer registration, the withholding of refund payments to retailers and the cancellation of Alberta Indian Tax Exemption cards.

MEASURE	TARGET	RESULT
Tobacco sales will be in accordance with legislation and policies. Monitor compliance through inspections of tobacco sales activities (180/yr)	The compliance rate for tobacco sale inspections will be 80%.	This is a new performance measure and there are no historic data available.